



ROHAS TECNIC BERHAD
(302675-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JULY 2018 TO 30 SEPTEMBER 2018

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ROHAS TECNIC BERHAD (302675-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 30 September 2018

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | |
|--|--------------------|---------------|--------------|--------------------|----------------|--------------|
| | Current Period | Preceding | Variance | Current Period | Preceding | Variance |
| | Quarter | Period | | To date | Period | |
| 30-09-2018 | Corresponding | | 30-09-2018 | 30-09-2017 | | |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 77,956 | 46,298 | 68% | 255,253 | 153,160 | 67% |
| Cost of sales | (64,166) | (31,276) | | (206,680) | (109,945) | |
| Gross profit | 13,790 | 15,022 | -8% | 48,573 | 43,215 | 12% |
| Other income | 1,959 | 333 | | 5,046 | 2,017 | |
| Distribution expenses | (418) | (370) | | (1,309) | (906) | |
| Administrative expenses | (8,134) | (4,832) | | (21,912) | (19,206) | |
| Operating profit | 7,197 | 10,153 | -29% | 30,398 | 25,120 | 21% |
| Regularisation Plan expense | - | (21) | | - | (4,007) | |
| Share-based payment expense | - | - | | - | (21,414) | |
| Provision for liquidated and ascertained damages | (4,137) | - | | (4,137) | - | |
| Finance costs | (1,885) | (515) | | (5,669) | (1,669) | |
| Share of result of an associate | (28) | (69) | | (25) | (123) | |
| Profit/(Loss) before tax | 1,147 | 9,548 | -88% | 20,567 | (2,093) | 1083% |
| Tax expense | (1,034) | (2,440) | | (5,314) | (5,870) | |
| Profit/(Loss) after tax | 113 | 7,108 | -98% | 15,253 | (7,963) | 292% |
| Other comprehensive income: | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Unrealised currency translation differences | (303) | - | | (1,402) | (67) | |
| Fair value of available-for-sale financial assets | - | - | | - | 183 | |
| Total comprehensive profit/(loss) | (190) | 7,108 | -103% | 13,851 | (7,847) | 277% |

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(Incorporated in Malaysia)

QUARTERLY REPORT

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The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | |
|---|--------------------|--------------|------------|--------------------|----------------|----------|
| | Current Period | Preceding | Variance | Current Period | Preceding | Variance |
| | Quarter | Period | | To date | Period | |
| 30-09-2018 | Corresponding | | 30-09-2018 | 30-09-2017 | | |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Profit/(Loss) after tax attributable to: | | | | | | |
| Owners of the company | 1,611 | 7,108 | | 15,887 | (7,963) | |
| Non-controlling interests | (1,498) | - | | (634) | - | |
| | <u>113</u> | <u>7,108</u> | -98% | <u>15,253</u> | <u>(7,963)</u> | 292% |
| Total comprehensive income/(loss) attributable to: | | | | | | |
| Owners of the company | 1,308 | 7,108 | | 14,485 | (7,847) | |
| Non-controlling interests | (1,498) | - | | (634) | - | |
| | <u>(190)</u> | <u>7,108</u> | -103% | <u>13,851</u> | <u>(7,847)</u> | 277% |
| Dividends per share (sen) | <u>-</u> | <u>-</u> | | <u>1.50</u> | <u>-</u> | |
| Earnings per share (sen) | | | | | | |
| Basic | 0.02 | 1.78 | | 3.23 | (1.99) | |
| Diluted | <u>-</u> | <u>-</u> | | <u>-</u> | <u>-</u> | |

(The Condensed Consolidated Statements Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

ROHAS TECNIC BERHAD (302675-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 30 September 2018

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As at Current Period To Date 30-09-2018 RM'000 | Audited As at Preceding Financial Year Ended 31-12-2017 RM'000 |
|--|---|---|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 47,291 | 46,684 |
| Investment in an associate | 3,571 | 4,134 |
| Other investments | 1,792 | 1,960 |
| Deferred tax assets | 4,657 | 3,856 |
| Goodwill | 7,545 | 7,545 |
| Total non-current assets | <u>64,856</u> | <u>64,179</u> |
| CURRENT ASSETS | | |
| Inventories | 134,244 | 117,378 |
| Trade and other receivables | 237,755 | 313,797 |
| Amount due from contract customers | 136,024 | 93,517 |
| Tax recoverable | 5,952 | 3,715 |
| Cash and bank balances, deposits and short-term placements | 59,162 | 104,685 |
| Total current assets | <u>573,137</u> | <u>633,092</u> |
| TOTAL ASSETS | <u>637,993</u> | <u>697,271</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Equity attributable to owner of the Company: | | |
| Share capital | 299,484 | 299,484 |
| Other reserves | (104,572) | (101,873) |
| Retained earnings | 126,382 | 116,288 |
| | <u>321,294</u> | <u>313,899</u> |
| Non-controlling interests | 28,994 | 29,628 |
| Total equity | <u>350,288</u> | <u>343,527</u> |
| LIABILITIES | | |
| NON-CURRENT LIABILITIES | | |
| Long term borrowings | 17,365 | 18,340 |
| Deferred tax liabilities | 128 | 212 |
| Finance lease liabilities | 1,516 | 988 |
| Retirement benefits | 2,689 | 5,830 |
| Total non-current liabilities | <u>21,698</u> | <u>25,370</u> |

ROHAS TECNIC BERHAD (302675-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 30 September 2018

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As at Current Period To Date 30-09-2018 RM'000 | Audited As at Preceding Financial Year Ended 31-12-2017 RM'000 |
|---|---|---|
| CURRENT LIABILITIES | | |
| Trade and other payables | 187,911 | 205,520 |
| Amount due to contract customers | 6,163 | 15,817 |
| Borrowings | 70,352 | 105,600 |
| Finance lease liabilities | 1,322 | 911 |
| Tax payable | 259 | 526 |
| Total current liabilities | <u>266,007</u> | <u>328,374</u> |
| Total liabilities | <u>287,705</u> | <u>353,744</u> |
| TOTAL EQUITY AND LIABILITIES | <u>637,993</u> | <u>697,271</u> |
| Net Assets Per share attributable to equity holders of parent (RM) | <u>0.74</u> | <u>0.73</u> |

(The Condensed Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

ROHAS TECNIC BERHAD (302675-A)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 30 September 2018
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | |
|---|---------------------------------------|--|---|---|--------------------------------|-----------|-----------------|--|-----------------|
| | Non-distributable | | | | Distributable | | Total RM'000 | Non-controlling Interests RM'000 | Total RM'000 |
| | Share Capital RM'000 | Reserve upon consolidation RM'000 | Fair value adjustment reserve RM'000 | Foreign Currency translation reserve RM'000 | Retained earnings RM'000 | | | | |
| Balance at 1 January 2018 | | | | | | | | | |
| - as previously stated | 299,484 | (104,799) | 1,297 | 1,629 | 116,288 | 313,899 | 29,628 | 343,527 | |
| - effect of changes in accounting policies | - | - | (1,297) | - | 1,297 | - | - | - | |
| Balance at 1 January 2018, as restated | 299,484 | (104,799) | - | 1,629 | 117,585 | 313,899 | 29,628 | 343,527 | |
| Foreign currency translation for foreign operations | - | - | - | (1,402) | - | (1,402) | - | (1,402) | |
| Profit after taxation | - | - | - | - | 15,887 | 15,887 | (634) | 15,253 | |
| Total comprehensive income | - | - | - | (1,402) | 15,887 | 14,485 | (634) | 13,851 | |
| Dividend paid | - | - | - | - | (7,090) | (7,090) | - | (7,090) | |
| Balance at 30 September 2018 | 299,484 | (104,799) | - | 227 | 126,382 | 321,294 | 28,994 | 350,288 | |
| Balance at 1 January 2017 | 73,787 | - | 1,126 | 505 | 118,110 | 193,528 | - | 193,528 | |
| Issuance of shares pursuant to acquisition of REIB | 200,000 | - | - | - | - | 200,000 | - | 200,000 | |
| Adjustment arising from Regularisation Plan | (69,748) | (104,798) | - | - | 161 | (174,385) | - | (174,385) | |
| Issuance of shares pursuant to private placement | 26,285 | - | - | - | - | 26,285 | - | 26,285 | |
| Fair value of available-for-sale financial assets | - | - | 199 | - | - | 199 | - | 199 | |
| Foreign currency translation for foreign operations | - | - | - | 934 | - | 934 | - | 934 | |
| Loss after taxation | - | - | - | - | (7,963) | (7,963) | - | (7,963) | |
| Total comprehensive income | - | - | 199 | 934 | (7,963) | (6,830) | - | (6,830) | |
| Balance at 30 September 2017 | 230,324 | (104,798) | 1,325 | 1,439 | 110,308 | 238,598 | - | 238,598 | |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

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(Incorporated in Malaysia)

QUARTERLY REPORT

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The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| | Current Year To date 30-09-2018 <u>RM'000</u> | Current Year To date 30-09-2017 <u>RM'000</u> |
|---|--|--|
| OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax | 20,567 | (2,093) |
| Adjustments for non-cash movements: | | |
| Share of results of an associate | 25 | 123 |
| Depreciation of property, plant and equipment | 5,387 | 1,595 |
| Provision for liquidated and ascertained damages | 4,137 | - |
| Provision for retirement benefits | - | 479 |
| Allowance for impairment losses on receivables | (1,088) | 2,117 |
| Write down of inventories | (987) | 113 |
| Unrealised loss/(gain) in foreign exchange | 2,777 | (21) |
| Interest expense | 5,669 | 1,642 |
| Interest income | (1,360) | (928) |
| Share-based payment expense | - | 21,414 |
| Gain on disposal of property, plant and equipment | 102 | (5) |
| | <u>35,229</u> | <u>24,436</u> |
| Changes in working capital: | | |
| Inventories | (15,879) | (31,875) |
| Bills payable | (40,209) | 5,317 |
| Receivables, deposits and prepayments | 26,013 | (12,721) |
| Payables | (24,597) | 5,735 |
| | <u>(19,443)</u> | <u>(9,108)</u> |
| Cash flow used in operations | (19,443) | (9,108) |
| Interest paid | (5,587) | (1,614) |
| Income Tax paid, net of refund | (8,704) | (8,466) |
| Provision for retirement benefits paid | (3,141) | - |
| | <u>(36,875)</u> | <u>(19,188)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (6,198) | (319) |
| Proceeds from disposal of property, plant and equipment | 102 | 34 |
| Change in bank balances pledged as security | 1,434 | - |
| Interest received | 1,360 | 928 |
| | <u>(3,302)</u> | <u>643</u> |

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QUARTERLY REPORT

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The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| | Current Year To date 30-09-2018 <u>RM'000</u> | Current Year To date 30-09-2017 <u>RM'000</u> |
|---|--|--|
| FINANCING ACTIVITIES | | |
| Interest paid | (83) | (28) |
| Repayment of hire purchase liabilities | 938 | (425) |
| Proceed from issuance of share capital | - | 26,285 |
| Dividends paid | (7,090) | - |
| Net cash (used in)/generated from financing activities | <u>(6,235)</u> | <u>25,832</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (46,412) | 7,287 |
| CASH AND CASH EQUIVALENTS BALANCE AT THE BEGINNING OF THE FINANCIAL PERIOD | 67,830 | 44,794 |
| FOREIGN EXCHANGE DIFFERENCES ARISING ON OPENING BALANCE | (1,665) | 1,192 |
| CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE FINANCIAL PERIOD | <u>19,753</u> | <u>53,273</u> |
| Presented by: | | |
| Deposits with financial institution | 31,587 | 8,815 |
| Deposits with fund management corporation | 1,485 | 30,423 |
| Cash and bank balances | <u>26,090</u> | <u>14,035</u> |
| | 59,162 | 53,273 |
| Less: Bank balances pledged as security | (32,152) | - |
| Less: Bank overdraft | <u>(7,257)</u> | - |
| Cash and cash equivalents | <u>19,753</u> | <u>53,273</u> |

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

ROHAS TECNIC BERHAD (302675-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 30 September 2018

The figures have not been audited.

A. EXPLANATORY NOTES

A1 Basis of Preparation

This interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017 and the explanatory notes attached to the interim financial statements.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2017.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial period ended 31 December 2017, except for the changes in accounting policies and presentation resulting from the adoption of new and revised MFRSs and amendments to MFRSs that are effective for financial period:

MFRS effective 1 January 2018:

MFRS 9, Financial Instruments

MFRS 15, Revenue from Contracts with Customers

A2 Significant Accounting Policies

A2.1 Adoption of Amendments/Improvements to MFRS

At the beginning of the current financial year, the Group adopted amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2018. The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

MFRS 9, Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group adopted the new standards on the required effective date and will not restate comparative information. During 2017, the Group have performed a detailed impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt MFRS 9. Overall, the Group expect no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of MFRS 9. In addition, the Group will implement changes in classification of certain financial instruments.

a. Classification and measurement of Financial Assets

The Group and the Company do not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI will, instead, be measured at fair value through profit or loss, which will increase volatility in recorded profit or loss.

The fair value adjustment reserve currently presented as accumulated OCI, will be reclassified to retained earnings.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group and the Company will apply the option to present fair value changes in OCI, and, therefore, believes the application of MFRS 9 would not have a significant impact.

ROHAS TECNIC BERHAD (302675-A)

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 30 September 2018

The figures have not been audited.

A. EXPLANATORY NOTES**A2 Significant Accounting Policies (cont'd)****A2.1 Adoption of Amendments/Improvements to MFRS (cont'd)**

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

b. Impairment of Financial Assets

MFRS 9 requires the Group and the Company to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group and the Company will apply the simplified approach and record lifetime expected losses on its loans and receivables. The Group and the Company do not expect any impact on their statements of financial position or equity.

c. Hedge Accounting

The Group and the Company do not apply hedge accounting and do not expect any impact on the Group's and the Company's financial position.

Financial effects due to the adoption of MFRS9 as at 1 January 2018:

| | RM'000 |
|--|-----------------|
| Fair value adjustment reserve | |
| Closing balance under MFRS 139 at 31 December 2017 | 1,297 |
| Transfer to retained earnings | <u>(1,297)</u> |
| Opening balance under MFRS 9 at 1 January 2018 | <u><u>-</u></u> |

MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

The Group adopted the new standard on the required effective date using the full retrospective method. During 2017, the Group completed a detailed analysis of MFRS 15.

a. Sale of Goods

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing to MFRS 15, the Group considers variable consideration of the sales transaction. Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under MFRS 15 and will be required to be estimated at contract inception.

MFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint.

The Group has performed an initial assessment on sales of goods and does not expect that there will be significant impact on the financial statements.

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QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 30 September 2018

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A. EXPLANATORY NOTES

A2 Significant Accounting Policies (cont'd)

A2.1 Adoption of Amendments/Improvements to MFRS (cont'd)

b. Rendering of Services

The Group recognises service revenue by reference to the stage of completion. Under MFRS 15, allocation will be made based on relative stand-alone selling prices. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales may be impacted.

The Group has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, the Group would continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point in time.

c. Contract Project

The revenue arising from the contract project are assessed as fulfilled the criteria of sales over time under the MFRS 15. The revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measured of contract progress or contract price is revised and the cumulative percentage of completion is reassessed at each reporting date.

Under MFRS 15, claims and variations will be included in the contract accounting when they are approved.

The Group has performed an initial assessment on contract project and do not expect that there will be significant impact on financial statements.

d. Commission

For commissions earned by the Group, the Group has determined that it acts in the capacity of an agent for certain transactions. Under MFRS 15, the assessment will be based on whether the Group controls the specific goods before transferring to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

The Group has performed an initial assessment on these transactions and do not expect that there will be significant impact on its financial statements.

e. Presentation and Disclosure Requirements

MFRS 15 provides presentation and disclosure requirements, which are more detailed than under current MFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in MFRS 15 are completely new. The Group is constantly in the process of developing of appropriate systems, internal controls, policies and procedures where necessary to collect and disclose the required information.

Standards Issued But Not Yet Effective

MFRS 16 Leases (effective on or after 1 January 2019)

Early adoption of MFRS 16 is permitted, provided MFRS 15 Revenue from Contract with Customers is also applied.

The Group anticipates that the adoption of above new MFRS, may result in a change in accounting policy. The Group are currently assessing the financial impact.

A3 Audit Report of Preceding Annual Financial Statements

The auditors' report for the preceding annual financial statements was not subject to any qualification.

A4 Seasonality or Cyclicity of Operations

There were no seasonality or cyclicity of operations in the current quarter under review and financial period to date.

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QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 30 September 2018

The figures have not been audited.

A. EXPLANATORY NOTES**A5 Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow in the current quarter under review and financial year-to-date, other than the liquidated and ascertained damages from previously completed EPCC projects.

A6 Material Changes in Estimates

There were no changes in estimates of amount reported in prior financial years that have a material effect in the current quarter under review and financial year-to-date.

A7 Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter under review and financial year-to-date.

A8 Dividend Paid

No dividend was paid or declared in the current quarter under review and financial year-to-date.

The Company has declared a final single tier dividend of 1.5 sen per share in respect of the financial year ending 31 December 2017 amounting to RM7,089,865 and was paid on 27 June 2018.

A9 Segmental Reporting

Primary reporting basis - by business segment:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|------------------|--------------------|------------------|
| | Current Period | Preceding Period | Current Period | Preceding Period |
| | Quarter | Corresponding | To date | Corresponding |
| | 30-09-2018 | 30-09-2017 | 30-09-2018 | 30-09-2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group Revenue (External Sales) | | | | |
| Tower fabrication | | | | |
| - Power Transmission | 27,390 | 33,783 | 86,872 | 102,317 |
| - Telecommunication | 2,361 | 7,491 | 22,215 | 18,899 |
| EPCC* | 44,908 | 3,176 | 133,424 | 26,310 |
| Other business activities | 3,297 | 1,848 | 12,742 | 5,634 |
| | <u>77,956</u> | <u>46,298</u> | <u>255,253</u> | <u>153,160</u> |
| Results | | | | |
| Segment results | 7,197 | 10,153 | 30,398 | 25,120 |
| Reverse acquisition listing expense | - | (21) | - | (4,007) |
| Share-based payment expense | - | - | - | (21,414) |
| Provision for liquidated and ascertained damages | (4,137) | - | (4,137) | - |
| Finance costs | (1,885) | (515) | (5,669) | (1,669) |
| Share of results of an Associate | (28) | (69) | (25) | (123) |
| | <u>1,147</u> | <u>9,548</u> | <u>20,567</u> | <u>(2,093)</u> |

* EPCC refers to Engineering, Procurement, Construction and Commissioning.

A10 Carrying Amount of Revalued Assets

The Group does not have a revaluation of property, plant and equipment policy.

QUARTERLY REPORT

Quarterly report on consolidated results for the 3rd quarter ended 30 September 2018
The figures have not been audited.

A. EXPLANATORY NOTES

A11 Material Events Subsequent to the End of the Interim Period

There is no material events subsequent to the current financial period under review.

A12 Effect of changes in the Group Composition, Long Term Investments, Restructuring and Discontinued Operations

There were no changes in the composition of the Group in the current quarter under review and financial year-to-date including business combination, acquisition or disposal of subsidiaries and long term investment, restructuring and discontinued operation.

A13 Contingent Liabilities/Assets

The following are the changes in the Group's contingent liabilities as at end of current quarter under review.

| | Unaudited As at Current Period To Date 30-09-2018 RM'000 | Audited As at Preceding Financial Year Ended 31-12-2017 RM'000 |
|---|--|--|
| Unsecured | | |
| Bank guarantees for design warranty given to a customer by a subsidiary | 463 | 13,154 |
| Performance bond granted to third party by a subsidiary | 8,201 | 11,091 |
| Secured | | |
| Bank guarantees issued in favour of third parties | 58,321 | 90,165 |

A14 Capital Commitment

Capital expenditure of the Group not provided for as at 30 September 2018 in relation to property, plant and equipment were as follows:

| | Unaudited As at Current Period To Date 30-09-2018 RM'000 | Audited As at Preceding Financial Year Ended 31-12-2017 RM'000 |
|-------------------------------|--|--|
| Authorised and contracted for | - | 453 |

A15 Significant Related Party Transactions

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--------------------|---|--|---|--|
| | Current Period Quarter 30-09-2018 RM'000 | Preceding Period Corresponding 30-09-2017 RM'000 | Current Period To date 30-09-2018 RM'000 | Preceding Period Corresponding 30-09-2017 RM'000 |
| Related companies: | | | | |
| - sales | - | 11 | 1 | 23 |
| - rental expenses | 227 | 228 | 683 | 685 |

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The figures have not been audited.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of Performance of the Company and its Principal Subsidiaries

In the current quarter under review compared to preceeding corresponding period, the Group achieved a higher revenue by 68.4% at RM77.9 million but recorded a drop in operating profit by 29.1% at RM7.2 million. The Group reported a profit after taxation of RM0.1 million.

The Group's EPCC segment contributed to a revenue of RM44.9 million in the current quarter, an increase by RM41.7 million or 1,314% from the preceding corresponding period of RM3.2 million, which was mainly contributed from EPCC works done in Bangladesh and Malaysia that contributed to 57.6% of total Group revenue. Revenue from other business activities of RM3.3 million also increased by RM1.4 million or 78.4% from the preceding corresponding period of RM1.8 million, mainly from fabrication of electrical substation structure. Revenue from tower fabrication segment of RM29.8 million, decreased by RM11.5 million or 27.8% from the preceding corresponding period of RM41.3 million, due to decrease in deliveries of towers.

The drop in profit after taxation is mainly due to the provision for liquidated and ascertained damages amounting to RM4.1 million arising from previously completed EPCC projects.

In the current period to date compared to preceeding corresponding period, the Group achieved a higher revenue by 66.7% at RM255.3 million and recorded an increase in operating profit by 21.0% at RM30.4 million. The Group reported a profit after taxation of RM 15.3 million.

The Group's EPCC segment contributed to revenue of RM133.4 million, an increase by RM104.1 million or 407.1% from the preceding corresponding period of RM26.3 million, which was mainly contributed from EPCC works done in Bangladesh and Malaysia that contributed to 52.2% of total Group revenue. Revenue from other business activities of RM12.7 million also increased by RM7.1 million or 126.2% from the preceding corresponding period of RM5.6 million mainly from fabrication of electrical substation structure. Revenue from tower fabrication segment of RM109.1 million, decreased by RM12.1 million or 10.0% from the preceding corresponding period of RM121.2 million, due to decrease in deliveries of power transmission towers.

B2 Review of Performance of the Company and its Principal Subsidiaries Compared to the Results of Immediate Preceding Quarter

| | Current Period Quarter | Immediate Preceding Period Quarter | Variance |
|-------------------|---------------------------|--|----------|
| | 30-09-2018 | 30-06-2018 | |
| | RM'000 | RM'000 | % |
| Revenue | 77,956 | 90,342 | -14% |
| Operating Profit | 7,197 | 10,194 | -29% |
| Profit Before Tax | 1,147 | 8,305 | -86% |
| Profit After Tax | 113 | 6,609 | -98% |

The Group recorded revenue of RM77.9 million in the current quarter, a decrease of RM12.4 million or 13.7%, compared to its immediate preceding quarter's revenue of RM90.3 million. The decrease in group revenue were mainly contributed by decreased in tower fabrication segment specifically in the telecommunication segment by RM11.0 million or 82.3% due to lower deliveries. Revenue from other business activities segment also decreased mainly from fabrication of electrical substation structure by RM4.2 million or 55.8%. The EPCC segment had a higher revenue recognised by RM2.7 million or 6.5%.

The profit after tax decrease by 98.3% mainly due to the provision for liquidated and ascertained damages amounting to RM4.1 million arising from previously completed EPCC projects.

B3 Group's Future Prospects

It is expected there will be an impact on timing of projects particularly in the infrastructure sector due to review and reassessment of national policies. Nevertheless, we are generally optimistic the Group will show healthy growth this year, subject to the dollar exchange rate and metal price trends not deteriorating significantly from expectations.

ROHAS TECNIC BERHAD (302675-A)

(Incorporated in Malaysia)

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B4 Variance of Actual Profit from Forecast Profit**

There were no profit forecasts or profit guarantees released to the public.

B5 Taxation

Tax expense comprises the following:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--------------------|---|---|---|---|
| | Current Period Quarter 30-09-2018 | Preceding Period Corresponding 30-09-2017 | Current Period To date 30-09-2018 | Preceding Period Corresponding 30-09-2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax | 1,034 | 2,440 | 5,314 | 5,870 |
| | <u>1,034</u> | <u>2,440</u> | <u>5,314</u> | <u>5,870</u> |
| Effective tax rate | 20% | 25% | 22% | 25% |

Malaysian income tax is calculated at the statutory rate of 24% of the estimated assessable profits for the financial period.

The effective tax rate for the individual current quarter and current period to date are lower than statutory tax rate mainly due to deductible losses made by subsidiaries. The individual and cumulative preceding period corresponding is calculated after excluding the Regularisation Plan expense and share-based payment expense.

B6 Status Of Corporate Proposals Announced But Not Completed

On 1 August 2018, RBC Water Sdn Bhd ("RBC"), an indirect wholly owned subsidiary, had entered into a non-binding term sheet ("Term Sheet") with the shareholders of PHU MY VINH CONSTRUCTION AND INVESTMENT CORPORATION ("PMV") namely, Nguyen Vu Hien, Tran Thi Mai Tram, Le Van Xin, Nguyen Thi Thanh, Vo Minh Thanh, Nguyen Vu Vinh and Minh Thong Company (collectively referred to as the "Vendors") in respect of a proposed sale and purchase of shares of PMV ("Proposed Sale and Purchase"). RBC and the Vendors are collectively referred to as the "Parties".

The Term Sheet is intended to form a basis for further discussions and negotiation between the Parties in respect of the Proposed Sale and Purchase of eight million (8,000,000) ordinary shares representing 40% of the Total Shares of PMV by RBC from the Vendors. Subject to the due diligence findings and outcomes, the Parties will further negotiate with each other on the detailed terms of the sale and purchase and enter into the following definitive agreements:-

- Sale and Purchase Agreement for the sale and purchase of eight million (8,000,000) ordinary shares presenting 40% of the Total Shares of PMV between RBC (or its nominated purchaser) and the Vendors of the said shares for an indicative total purchase price of two hundred thirty two billion Vietnam Dong (VND 232,000,000,000) approximately Ringgit Malaysia Forty Million Six Hundred Thousand (RM40,600,000*) based on an unit price twenty nine thousand Vietnam Dong (VND 29,000) approximately Ringgit Malaysia Five and Eight cents (RM5.08*) per ordinary share of PMV. The mode of consideration of the Proposed Sale and Purchase will be set out in the Sale and Purchase Agreement later.
- Shareholders Agreement between the Parties together with PMV among others to govern the relationship of the Parties and to regulate the way the business between the Parties shall be conducted.
- Any other contractual documents deemed necessary by RBC to the complete the Proposed Sale and Purchase.

With the execution of the Term Sheet, RBC has commenced due diligence work on PMV as well as commenced negotiations with the Vendors to agree and finalize the terms of the definitive agreements for the Proposed Sale and Purchase within the exclusivity period of 120 days or such other period as may be mutually agreed between the Parties in writing. The Term Sheet is not intended in any way to create or constitute a contractually binding agreement between the Parties except for the provisions of confidentiality, exclusivity, governing law and dispute resolution.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B7 Status of corporate proposal

The total proceeds generated from the Issuance of Shares pursuant to private placement will be utilised as follows:-

| Purpose | Intended Timeframe for Utilisation | Proposed Utilisation (previous) | Proposed Utilisation (revised) | Actual Utilisation up to 27-Nov-18 |
|---|---|---------------------------------------|--------------------------------------|---|
| | | RM'000 | RM'000 | RM'000 |
| i) Establish new facilities at Lot 5C & 5D in Bentong Pahang | 12 months | 5,700 | 5,700 | 22 |
| ii) Project investment for Mini hydropower plant in Indonesia | 12 months | 5,000 | 5,000 | 5,000 |
| iii) Establish a new fabrication facility in Indonesia | 24 months | * 4,300 | - | - |
| iv) Purchase of machinery and equipment to upgrade existing facilities in Bentong, Pahang | 24 months | 4,260 | 4,260 | 601 |
| v) Working capital | 24 months | 3,000 | 3,000 | 3,000 |
| vi) Estimated expenses for the Proposed Regularisation Plan | 1 month | 4,200 | 4,200 | 4,200 |
| vii) Partial funding of the cash consideration for the purchase of HGPT | 24 months | - | * 4,300 | * 4,300 |
| Total gross proceeds | | 26,460 | 26,460 | 17,123 |

* On 27 October 2017, the Company announced to vary the utilisation of establishment of a new fabrication facility in Indonesia to partial funding of the cash consideration for the purchase of a subsidiary.

B8 Group Cash and bank balances, deposits and short-term placements

| | Unaudited As at Current Period To Date 30-09-2018 RM'000 | Audited As at Preceding Financial Year Ended 31-12-2017 RM'000 |
|---|--|--|
| Cash and bank balances, deposits and short-term placements | | |
| - Islamic | 35,098 | 67,443 |
| - Conventional | 24,064 | 37,242 |
| | 59,162 | 104,685 |
| Total assets | 637,993 | 697,271 |
| Percentage of Conventional Cash and bank balances, deposits and short-term placements over Total Assets | 4% | 5% |

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(Incorporated in Malaysia)

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B9 Group Borrowings**

| | Unaudited | | | Audited | | |
|---------------------------------|------------------------------|------------|------------|--------------------------------------|------------|------------|
| | As at Current Period To Date | | | As at Preceding Financial Year Ended | | |
| | 30-09-2018 | 30-09-2018 | 30-09-2018 | 31-12-2017 | 31-12-2017 | 31-12-2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| | USD | RM | | USD | RM | |
| Unsecured Short Term Borrowings | | | | | | |
| Bankers acceptance | 5,822 | 30,108 | 35,930 | - | 90,722 | 90,722 |
| Short term loans | - | 24,062 | 24,062 | - | 11,184 | 11,184 |
| Bank overdraft | 3,638 | 3,619 | 7,257 | - | 3,269 | 3,269 |
| | 9,460 | 57,789 | 67,249 | - | 105,175 | 105,175 |
| Secured Short Term Borrowings | | | | | | |
| Term loan | - | 3,103 | 3,103 | - | 425 | 425 |
| Secured Long Term Borrowings | | | | | | |
| Term loan | - | 17,365 | 17,365 | - | 18,340 | 18,340 |
| Total Group Borrowings | 9,460 | 78,257 | 87,717 | - | 123,940 | 123,940 |

The above borrowings of the Group are denominated in Ringgit Malaysia equivalent analysed by currencies.

| | Unaudited As at Current Period To Date 30-09-2018 RM'000 | Audited As at Preceding Financial Year Ended 31-12-2017 RM'000 |
|---|--|--|
| Borrowings | | |
| - Islamic | 36,368 | 69,944 |
| - Conventional | 51,349 | 53,996 |
| | 87,717 | 123,940 |
| Total Assets | 637,993 | 697,271 |
| Percentage of Conventional Borrowings over Total Assets | 8% | 8% |

B10 Changes In Material Litigations

There has been no material litigation since the date of the last audited financial statements of Group as at 31 December 2017.

B11 Dividend

There is no dividend declared or recommended for the current financial period under review.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B12 Earnings Per Share****(a) Basic earnings per share**

Basic earnings per share of the Group is calculated as follows:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Current Period Quarter 30-09-2018 | Preceding Period Corresponding 30-09-2017 | Current Period To date 30-09-2018 | Preceding Period Corresponding 30-09-2017 |
| Profit/(Loss) after tax for the period (RM'000) | 113 | 7,108 | 15,253 | (7,963) |
| Weighted average number of ordinary shares in issue | 472,657,651 | 399,857,651 | 472,657,651 | 399,857,651 |
| Basic earnings per share (sen) | <u>0.02</u> | <u>1.78</u> | <u>3.23</u> | <u>(1.99)</u> |

For the individual and cumulative preceding period corresponding, if not for the regularisation plan expense and share-based payment expense, the Group would have achieved profit after tax of RM7.1 million and RM17.5 million respectively, the basic earnings per share would have been 1.78 sen and 4.37 sen respectively.

(b) Diluted earnings per share

There was no dilution of shares.

N/A**B13 Profit/(Loss) Before Tax**

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other items, the following:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Current Period Quarter 30-09-2018 | Preceding Period Corresponding 30-09-2017 | Current Period To date 30-09-2018 | Preceding Period Corresponding 30-09-2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | (423) | (456) | (1,360) | (928) |
| Realised foreign exchange gain | 159 | 300 | (1,398) | 435 |
| Interest expense | 1,885 | 488 | 5,669 | 1,642 |
| Depreciation of property, plant and equipment | 1,908 | 34 | 5,387 | 1,595 |
| Allowance for impairment losses on receivables | (516) | 180 | (1,088) | 2,117 |
| Provision for liquidated and ascertained damages | 4,137 | - | 4,137 | - |
| (Reversal)/Write down of inventories | (859) | (405) | (987) | 113 |
| Unrealised foreign exchange loss/(gain) | 1,041 | 57 | 2,777 | (21) |
| Gain on disposal of property, plant and equipment | <u>(102)</u> | <u>-</u> | <u>(102)</u> | <u>(5)</u> |

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B14 Realised and unrealised profit/(loss)**

| | Unaudited As at Current Period To Date 30-09-2018 | Audited As at Preceding Financial Year Ended 31-12-2017 |
|--------------------------------------|--|--|
| | RM'000 | RM'000 |
| Total retained earnings of the Group | | |
| - Realised | 133,688 | 121,045 |
| - Unrealised | (7,306) | (4,757) |
| | <u>126,382</u> | <u>116,288</u> |

BY ORDER OF THE BOARD

Laang Jhe How
MIA 25193
Company Secretary

Dated : 27 November 2018